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ARE OF POOR REPRODUCTIVE QUALITY

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SONT DE PIÈTRE QUALITÉ DE REPRODUCTION

87-04267/

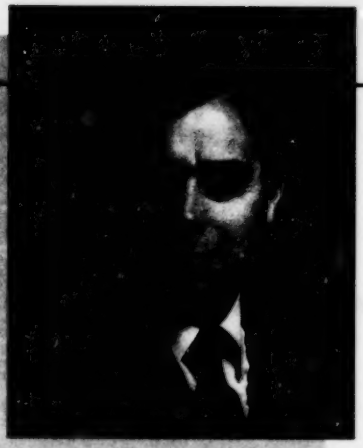
twenty-second annual report of the manitoba hog producers' marketing board

MEMBERS

Bill Vaags, Dugald . . . . . Chairman
Weldon Newton, Neepawa . . . . . Vice Chairman
Ken Foster, Arborg
Gorden Ferriss, Bowsman
Doug Head, Treherne
Ken Johnston, Killarney
Ed Kleinsasser, Newton Siding
Walter Mazinke, Morris

ADMINISTRATION

W.B. Munro, P. Ag./
R.L. Sedgwick, P. Ag. . . . . General Manager
R. Chabidon . . . . . Sales Manager
A. Fulford . . . . . Accountant
A.J. Brown . . . . . Secretary
R. Bohemier . . . . . St. Boniface Yard Superintendent
C. Aeichele . . . . . Brandon Yard Superintendent



chairman's letter

Dear Fellow Hog Producers:

For most of us 1986 was a good year to be a Manitoba hog producer. Record high prices and sales put most of our province's hog producers in the black for a change. But the year was not without its challenges.

Prices went from low to an all-time high of $231.80 ($105.15) in September 1986, only to drop unexpectedly in the fourth quarter. While prices stabilized somewhat by the end of the year, they're not expected in '87 to reach the heights seen in '86.

1986 sales through the MHPMB set a record of 1.6 million head. Translate that number into dollars and '86 hog sales represented $237 million in farm gate receipts.

Unfortunately, high hog prices came too late for approximately 300 producers registered with the Board in '86. The number of registered hog producers in the province is now just under 3000.

During 1986 Manitoba's packing industry also underwent changes. Springhill Farms Ltd., a cut and kill plant in Neepawa, opened in mid-September. We look forward to this plant's becoming a major buyer of Manitoba's hogs. The anticipated expansion at Burns Winnipeg plant may partially offset the major blow in '87 — closure of the cut and kill hog line at Canada Packers.

The Board deeply regrets the shut-down of Canada Packers' slaughter, and eventually processing operations. The loss of jobs plus removal of a major competitor in our industry makes the shut-down serious indeed.

At the end of November '86, the Board reluctantly withdrew its support of WISSCO. Too few producers participated in the weanling sales to warrant continuation of the project. The Board is continuing, however, to administer the Swine A.I. Pilot Program.

I am pleased to report nearly 90 percent of Manitoba's hog production is now enrolled in the tripartite stabilization that replaced the Manitoba Hog Income Stabilization Plan in mid-1986. That's the highest rate of participation in this program all across Canada.

During the year, your Board of Directors and staff were busy dealing with issues such as:

— Improvement of dialogue with NPPC.
— Discussions re U.S. countervailing duty
— Launch of review leading to appeal of U.S. countervail duty
— Implementation of electronic grading
— Update on pseudorabies
— Negotiation in belated free-trade discussions
— Including liverstock producers in the federal grains payment formula.

Thank you for the opportunity to work with you again this past year. Juggling my Canadian Pork Council and Manitoba Board responsibilities is, at times, difficult. The strong support of all the Board of Directors sustains me as I attempt to work toward a fair trade environment for our top quality product.

I would like to thank our management and staff for administering the marketing and promotion arms of our business so well, including the new Canada Pork thrust.

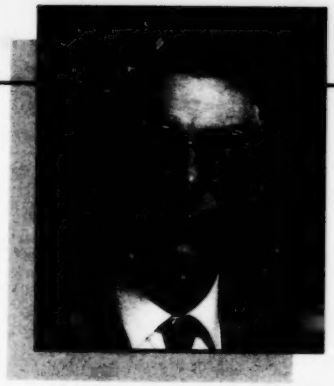
The transition to Larry Sedgwick as General Manager from W.B. (Bill) Munro has been smooth. We thank Mr. Munro for his major contribution to our industry during 22 years as Manager, and wish Mr. Sedgwick well in his new role.

Best wishes to you all now in the production year ahead.

Sincerely,

Bill Vaags

1986 MHPMB directors and district delegates



Ken Johnston, Killarney — Director

DISTRICT 1

Delegates
Dave Day, Deloraine — Secretary
Bert Neufeld, Boissevain
Don McEwan, Altamont
Leon Sanders, Manitou
Glen Wallcraft, La Riviere
Gordon McDonald, Manitou

Doug Head, Treherne — Director

DISTRICT 2

Delegates
Tom Baron, Carberry — Secretary
Bob Smith, Carroll
Doug Wilson, Reston
Ron Perchak, Edwin
Doug Zarn, Reston
Gerry Friesen, Wawanesa

Weldon Newton, Neepawa — Director

DISTRICT 3

Delegates
Garry A. Tolton, Newdale — Secretary
Dunc Broadfoot, Gladstone
Bob Uhl, Erickson
Larry Shaw, Cardale
Jim Farquhar, Birtle

Gorden Ferriss, Bowsman — Director

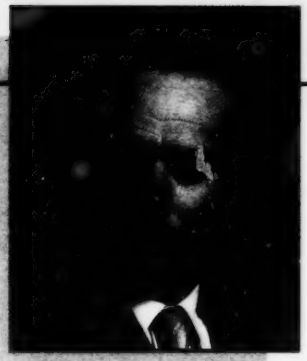
DISTRICT 4

Delegates
Ian Shaw, Swan River — Secretary
George Pavlin, Dauphin
Terry Highmoor, Birch River
Acey Brinkman, Grandview
Bob Giesel, Ochre River

Walter Mazinke, Morris — Director

DISTRICT 5

Delegates
Lloyd Stoesz, Altona — Secretary
Orval Beaudin, St. Eustache
Henry Klassen, Altona
Bob Larcombe, Poplar Point
Art Poppe, Carman
Auke Bergsma, Carman
Herman Martens, Rosenort
Brian Cramer, Carman



Ken Foster, Arborg — Director

DISTRICT 6

Delegates
Jack Rutherford, Grosse Isle — Secretary
Karl E. Lange, Moosehorn
Les Jacobson, Arborg
Edwin Ryden, Eriksdale
Hans Kjear, Stonewall

Bill Vaags, Dugald — Director

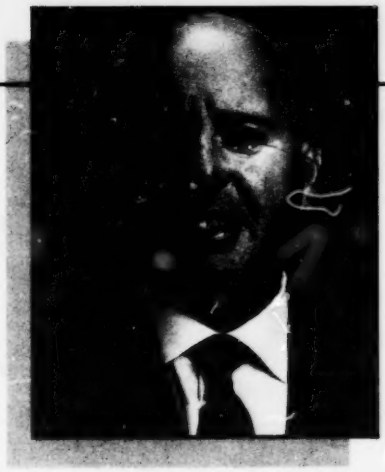
DISTRICT 7

Delegates
Kai Winther, Dufresne — Secretary
Peter Dyck, Arnaud
Albert Bangert, Beausejour
Joe Van Schepdael, East Selkirk
Ron Rempel, Ste. Anne
Frank Thiessen, Steinbach
Vern Kionke, Dugald
Bernie Brandt, Blumenort

Ed Kleinsasser, Sunnyside Colony — Director

DISTRICT 8

Delegates
Jake Hofer, Valley View Colony — Secretary
Josh Hofer, Jr., James Valley Colony
Dan Kleinsasser, Concord Colony
Peter Hofer, Wellwood Colony
Sam Hofer, Woodland Colony
Mike Waldner, Newdale Colony
Mike Hofer, Riverbend Colony
Ben Wipf, Maxwell Colony



manager's remarks

The Twenty-Second Annual Report and Financial Statements for the year ending December 31st, 1986 is presented here for information of the membership and those interested in the Board's activities as well as trends in the pork industry. A continuation of the format using color and pictures is intended to provide a closer association with Board and staff members.

Bill Munro retired from the position of Board General Manager in October of 1986, a position he held from the time of the inception of the organization in 1964. Bill guided the organization through twenty-two years of growth and change. From the meagre but solid beginnings of the original Commission operating in the Union Stockyards, the later established Board emerged as a marketing organization whose facilities and services provided up to date technology and confidence for the hog producers of Manitoba.

Bill's astute management capabilities were demonstrated both by his ability to maintain harmony amongst Board and staff as well as his record of keeping the Board in a position of financial soundness.

We will miss Bill's leadership but I appreciate the confidence the Board has shown in me and I sincerely hope that I will, among other things, be able to maintain his standards of excellence in the future administration of the Board's business activities.

The statistical tables and graphs contained in this report summarize the province's position with respect to the producer profile and district production; average monthly prices and quarterly marketings; Federally inspected provincial slaughter; exports and imports and carcass weight and quality breakdowns. In most categories figures for the previous year are reported for comparative purposes.

During a year which saw North American hog production drop by about 4 percent, Manitoba Board sales reached 1.64 million head. This was an increase of 3.9 percent from the previous year. Manitoba's share of the national hog slaughter was 11.2 percent, up about .5 percent from a year ago. There were no slaughter interruptions in Manitoba during the year on account of strikes or labour disputes. However, a strike situation in Alberta resulted in a significant number of hogs being handled for the Alberta Board by Manitoba in order to provide some short term relief during an emergency marketing situation in that province.

A major development in the Manitoba market place during the year saw the start-up of the Springhill Farms packing plant at Neepawa in October. This new plant, which incorporates the use of hot-skinning technology is a welcome and important addition to the packing plant industry in this province.

Producer prices in 1986 followed a path of from some of the lowest in the last five years all the way to record highs. First quarter prices averaged $148.52/ckg ($67.37/cwt) with the turn around starting in the second quarter — $156.89/ckg ($71.16/cwt). The real upswing, however, came in the third quarter with an average of $213.45/ckg ($96.82/cwt) and an all-time record daily high price of $231.80/ckg ($105.35/cwt) occurring on September 12th. Fourth quarter prices tapered off some, averaging $197.28/ckg ($89.48/cwt). The annual Manitoba price for 1986 worked out at $178.78/ckg ($81.09/cwt). This was the highest annual average price ever achieved in Manitoba.

(cont'd)

Live hog exports totalled 24,000 head, a further sizeable reduction from the 50,000 head in 1985. During the year Manitoba packers purchased from 97-100 percent of the Board's market hog offerings. The countervail duty of 4.39 cents per pound on live hogs remained in effect for the entire year.

Canadian pork exports increased by 52 million pounds to over 500 million for the year. Imports on the other hand dropped to 27.5 million pounds from 32 million in 1985. The gross export sales value of pork products approached $800 million and now ranks second only to wheat as an agricultural export commodity.

The implementation of electronic grading took place during the year along with the conversion to metric pricing and weighing. Full fledged use of the electronic probes commenced in July with careful monitoring taking place at all plants. The new system using both Hennessey and Destron probes was brought in with minimal disruption or problems, due in large part to excellent co-operation on the part of both the Agriculture Canada staff and each of the plant's management and staff. On account of technical delays, the system at Springhill Farms will go into effect early in 1987. Results of the first six months application of the new index table indicates producers are marketing a higher percentage of their hogs in the most desirable 75-85 kilogram weight range.

The number of active hog producers dropped to 2971 in 1986 from 3265 in the year previous. Regular communication with all members was maintained by way of the Board's 24 hour Hog Call; Monthly Newsletter and quarterly Western Hog Journal. In addition, the Board of Directors maintained continuous contact with the eight "District Committees" to provide a two-way communication pipeline.

The Board is again pleased to sponsor the Provincial and District Top 20 Competition. The results published in this report show Mr. Greg Isaac of Arden (District 3) as the Provincial winner. His average index for the year was 108.5580. The winner of the 2000 and over category was Plett and Reimer of Landmark (District 7) with an average of 107.5030. There were seven new producers in the Provincial Top 20 in 1986 and 34 new producers in the District Honor Rolls. This number of new producers is an indication of the continuing overall improvement occurring in Manitoba's hog quality. Congratulations are extended to each of the Provincial and District winners.

The Manitoba Hog Income Stabilization Plan was wound down in June, 1986. The Board's administration of this plan on behalf of the Province resulted in support payments of approximately 1.4 million dollars being made to the 1025 production units enrolled in the plan during the first two quarters. The plan deficit of 3.79 million was written down by the Province at the termination of M.H.I.S.P.

On July 1st the Province joined the National Tripartite plan as one of four participating provinces. Enrollment in Manitoba was 1665 production units with total eligible production of nearly 90 percent of hogs marketed covered under the plan. The Manitoba Board is pleased to be able to serve the Tripartite plan as the provincial agency to administer enrollment, premium collection and as a member of the national administrative committee.

The Board's active participation in a number of associated pork industry organizations continued in 1986. These included: Canadian Pork Council, Western Hog Marketing Committee and the Keystone Agricultural Producers. A decision was made jointly by the Province and Board to withdraw support from the Weanling Sales and Service Co-op (WISSCO) on account of lack of commitment on the part of sufficient suppliers. Accordingly the organization ceased operations at the end of the year.

The finanancial statements in this report reflect the affairs of the Manitoba Hog Producers' Marketing Board for the twelve month period ending December 31st, 1986. Net revenue of $2.58 million was up 20 percent, reflecting mainly higher hog prices and to a lesser degree, increased volume of sales. Operating expenditures of $2.0 million were up 5.7 percent, resulting in a net operating surplus of $580,361.

On behalf of the Board of Directors, Administration and Staff, please accept our appreciation of your continuing interest and support.

R.L. Sedgwick

a pictorial glimpse of the board's Winnipeg and Brandon offices

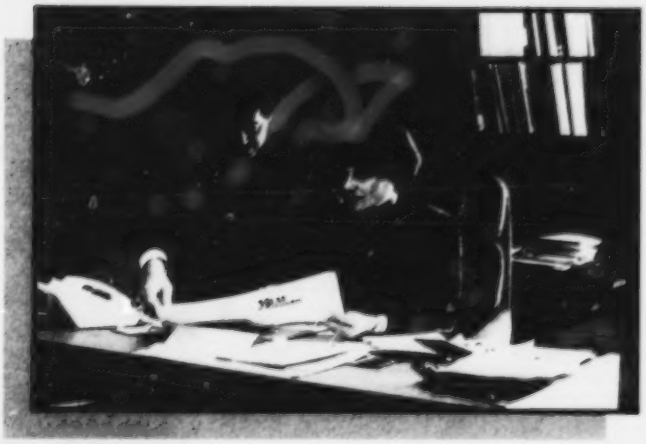
Bill and Kae Munro, daughter Laurie and husband Les, and son Kent at retirement ceremonies.

W.B. (Bill) Munro admiring the Game Ball presented to him at his retirement in October 1986.

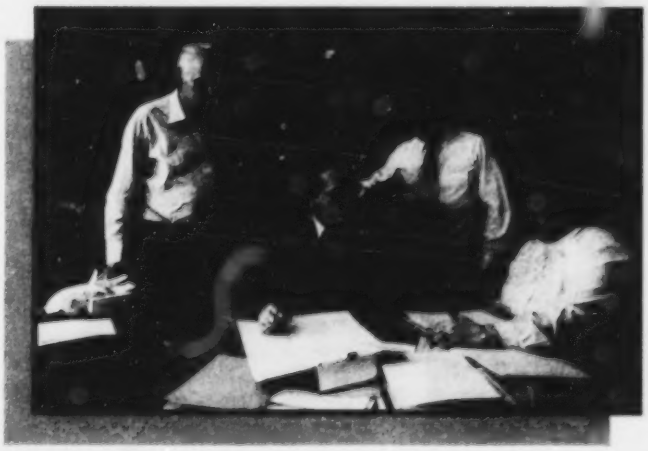
Sandra Lewkiw, Larry Sedgwick and Anne Brown planning the twenty-second annual report of the Board.

management

Aden Fulford, Larry Sedgwick and Rene Chabidon discussing the Daily Averages for the 8-week period.



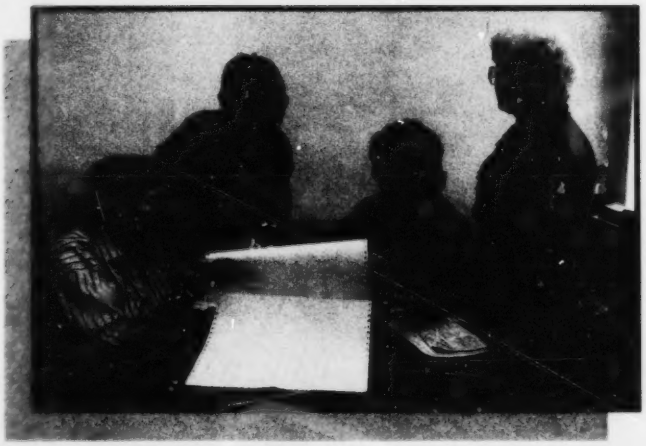
Promotion plans in preparation for Meat Month are being made by Diane Wreford and Rene Chabidon.



accounting department

L to R: John Engborg, Aden Fulford, Jess Lazo and Gwen Zimmer.

Nancy Baril, Mailing Producer Settlements.

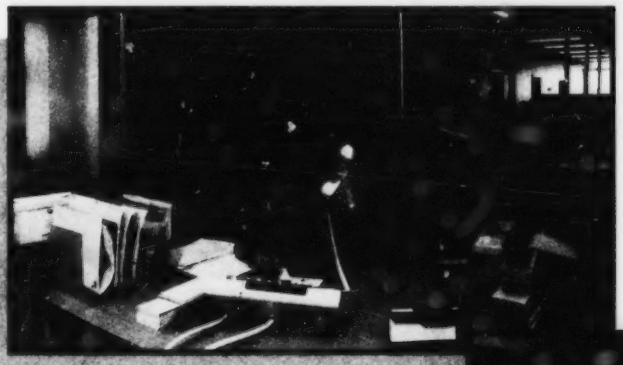


settlement department

L to R: Mary Mahood, Audrey Szustygesto, Irene Gaudreau and Cecile Lafreniere.

sales department

Rene Chabidon, Kent Munro, Jack McLeod and Mary-Anne Buchko preparing for the upcoming sale.

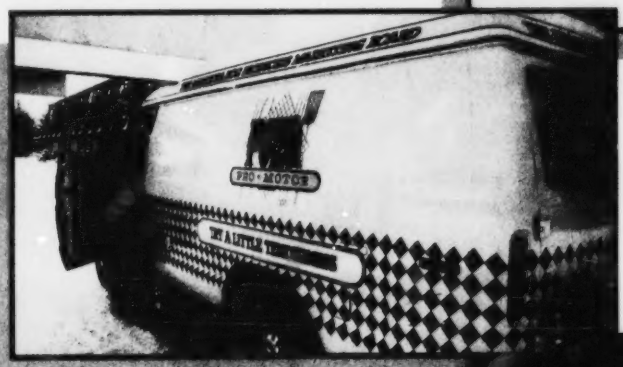


switchboard operator

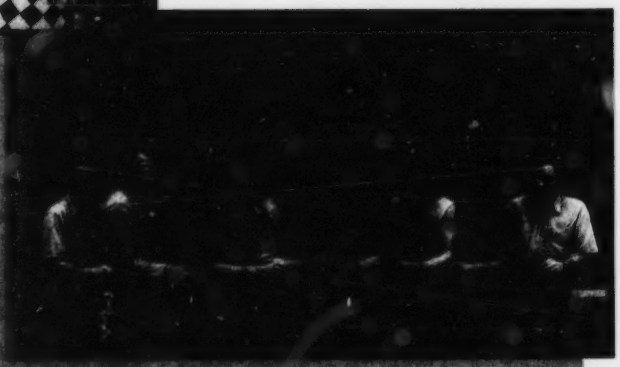
Verda Andrew

brandon yard staff

Chris Aeichele, Jacqueline Pierce and Gordon Turner



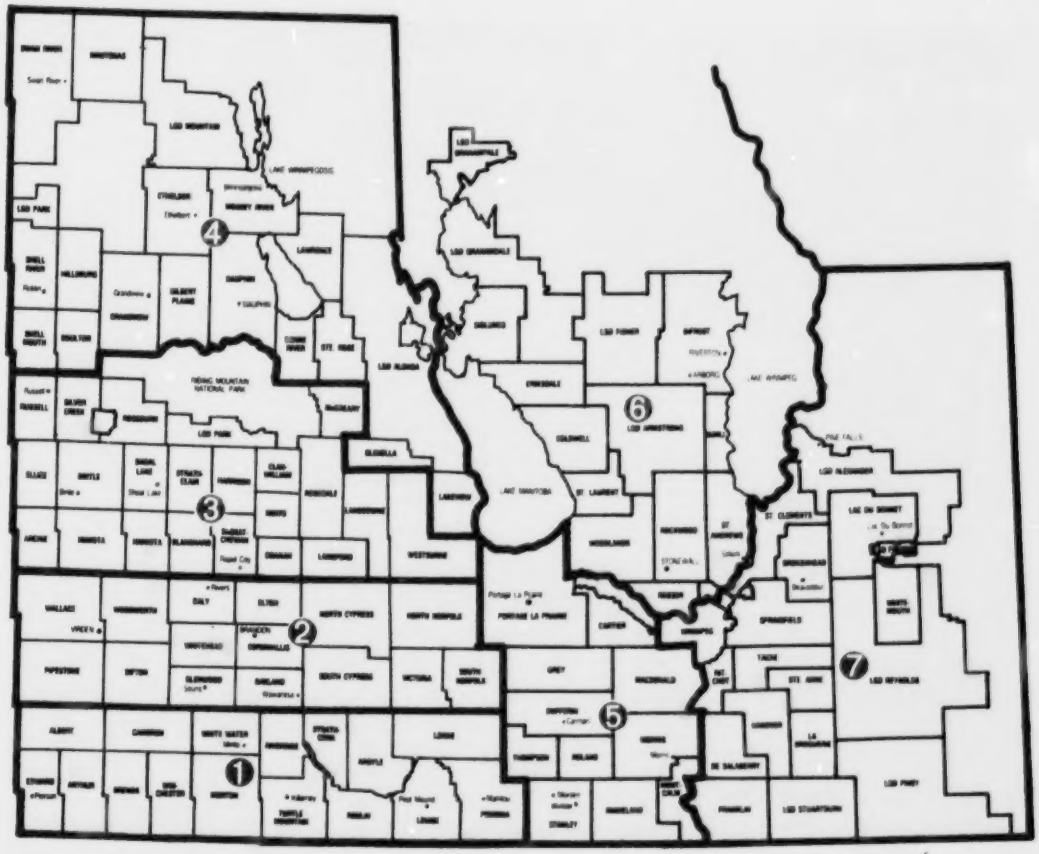
Bert Neufeld and the Pork Pro-Motor.



winnipeg yard staff

L to R: Glen Richardson, Mitch Gauthier, Ken Forster, George Haywood, Gerry Gagnon, George Willis, Cal Smith and Ray Bohemier, Yard Superintendent.

MHPMB district boundaries map



● indicates District zones

1 - Southern
2 - West-Central
3 - North-Central
4 - North-West
5 - Central Plains
6 - Interlake
7 - Red River East
8 - Not geographically defined (see note page 14)

1986 MHPMB HOG DISTRICT PROFILE

MHPMB DISTRICT MARKETINGS — 1986				
MHPMB DISTRICT	NUMBER OF ACTIVE PRODUCTION UNITS		TOTAL MARKETINGS	
	1986	1985	1986	1985
#1 — Southern	493	521	151,566	165,170
#2 — West-Central	274	331	67,789	69,643
#3 — North-Central	322	344	55,769	59,155
#4 — North West	266	300	43,989	46,334
#5 — Central Plains	597	671	214,098	220,176
#6 — Interlake	267	303	84,469	96,425
#7 — Red River East	672	719	440,658	413,630
#8 — Hutterite Colonies*	80	76	488,246	446,746
TOTAL	2,971	3,265	1,546,584**	1,517,279**

* District 8 is not defined by boundaries but encompasses all Hutterite Colonies in the Province that are duly registered as hog producers.

** Includes only hogs sold by registered hog producers in each of the eight MHPMB districts.

MHPMB HOG MARKETINGS BY PRODUCER SALES RANGE — 1986																
SALES RANGE	DISTRICT 1		DISTRICT 2		DISTRICT 3		DISTRICT 4		DISTRICT 5		DISTRICT 6		DISTRICT 7		DISTRICT 8	
	NO UNITS	% HOGS	NO UNITS	% HOGS	NO UNITS	% HOGS	NO UNITS	% HOGS	NO UNITS	% HOGS	NO UNITS	% HOGS	NO UNITS	% HOGS	NO UNITS	% HOGS
1 - 100	255	5.1	162	7.2	215	10.5	183	10.7	270	4.1	134	4.7	269	1.7	—	—
101 - 200	61	5.7	32	6.9	34	9.2	27	8.8	67	4.7	31	5.3	43	1.4	—	—
201 - 500	86	19.5	49	21.9	40	22.1	32	23.7	109	17.3	46	17.5	89	7.0	4	.3
501 - 1000	60	28.7	14	14.7	21	27.2	20	32.3	105	35.4	29	24.8	111	18.7	1	.2
1001 - 2000	19	16.4	12	22.8	11	25.2	2	8.2	35	22.1	24	38.9	113	35.7	—	—
2001 - 5000	11	20.9	4	18.6	1	5.7	2	16.3	9	10.6	3	8.7	41	26.3	19	14.9
5001 - 10000	1	3.8	1	7.9	—	—	—	—	2	5.9	—	—	5	6.6	54	80.1
10001 - over	—	—	—	—	—	—	—	—	—	—	—	—	1	2.6	2	4.5

The number of production units marketing 200 or more hogs totalled 1,188. This is down from the 1985 total of 1,232. Production originating from these units accounted for over 94 percent of total Board sales. The number of units selling 500 or more decreased to 620 from 760 in 1985 and 705 in 1984. A significant number of the units marketing 100 head or less are weanling production units whose sales consist primarily of cull sows and/or boars.

1986 in review
statistical information pertaining to hog production, prices, imports and exports

TABLE 1

MANITOBA PRICE AND SALES SUMMARY					
MONTH	AVERAGE PRICE (F.O.B. WPG.)				TOTAL SALES
	100 INDEX HOGS		NO. 1 SOW (D.W.)		
	IMPERIAL	METRIC	IMPERIAL	METRIC	
JANUARY	67.91	149.71	45.45	100.20	127,297
FEBRUARY	69.55	153.32	48.95	107.92	123,264
*MARCH	65.16	143.65	46.75	103.07	152,278
APRIL	63.28	139.52	45.60	100.35	124,238
MAY	69.30	152.78	48.10	105.85	118,228
*JUNE	77.92	171.80	53.95	118.95	176,795
JULY	92.32	203.53	63.81	140.68	114,172
AUGUST	98.73	217.67	71.50	157.62	118,299
*SEPTEMBER	98.71	217.62	76.69	169.08	150,580
OCTOBER	90.69	199.94	67.37	148.52	125,197
NOVEMBER	92.68	204.34	64.61	142.43	130,928
**DECEMBER	86.31	190.28	60.46	133.29	179,118
1986	81.09	178.78	57.15	126.00	1,640,394
1985	66.31	146.19	48.69	107.34	1,578,870
1984	70.09	154.52	54.74	120.68	1,421,109
5 YR. AVG.	73.32	161.64			
10 YR. AVG.	67.94	149.78			

* Denotes 5 week month ** Denotes 6 week month

Comments: Board sales for 1986 increased by 61,524 head or 3.9 percent over 1985. The 100 index hog price was up $14.78 per cwt. or $32.59 per ckg while No. 1 sows gained $8.46 per cwt. or $18.66 per ckg. An all-time monthly average record high price of $98.73 per cwt. was recorded in August of 1986.

TABLE 2

MANITOBA — HOG MARKETINGS BY QUARTER — 1986					
	JAN.-MAR. 1st QUARTER	APRIL-JUNE 2nd QUARTER	JULY-SEPT. 3rd QUARTER	OCT.-DEC. 4th QUARTER	TOTAL
HOGS	393,424	410,624	374,621	427,210	1,605,879
SOWS	7,443	6,673	6,519	6,226	26,861
BOARS	1,972	1,964	1,911	1,807	7,654
TOTAL (86)	402,839	419,261	383,051	435,243	1,640,394
(85)	390,805	403,350	388,640	396,075	1,578,870
(84)	368,754	352,718	316,615	383,022	1,421,109
% CHANGE 86/85	+3.1	+3.9	−1.4	+9.8	+3.9

Comments: 1986 quarterly marketings reflect a steady growth pattern for the past year with the exception of the third quarter reduction. Fourth quarter marketings reflect a larger than actual increase due to the addition of one extra week's deliveries. Sow marketings were down by 9.5 percent for the year, while boar sales were off by 13.5 percent.

TABLE 3

INSPECTED HOG SLAUGHTER — 1986 *CANADA AND UNITED STATES			
PROVINCE OF ORIGIN	**FEDERAL AND PROVINCIAL SLAUGHTER VOLUME**		**% CHANGE 86/85**
	1986	**1985**	
BRITISH COLUMBIA	334,344	349,759	- 4.4
ALBERTA	1,843,171	1,920,425	- 5.0
SASKATCHEWAN	714,859	727,097	- 1.7
MANITOBA	1,555,303	1,492,999	+ 4.2
TOTAL WEST	4,447,677	4,490,280	- 1.4
ONTARIO	4,246,716	4,058,745	+ 4.6
QUEBEC	4,566,158	4,672,513	- 2.3
MARITIMES	574,813	600,382	- 4.3
TOTAL EAST	9,387,687	9,331,640	+ 0.6
TOTAL CANADA	13,835,364	13,821,920	- 0.1
TOTAL UNITED STATES	78,048,602	81,524,786	- 4.3

* Source — Agriculture Canada

Comments: The ratio of local slaughter to total provincial marketings was greatly enhanced over the past year due to the Gainers' strike situation in Alberta and Manitoba's improved price relationship with the other provinces. This would account for Manitoba's increase of 4.2 percent while the other Western provinces recorded decreases.

TABLE 4

FRESH & FROZEN PORK EXPORTS			
	POUNDS		**% CHANGE 86/85**
EXPORTED TO	**1986**	**1985 (R)**	
UNITED STATES	430,739,000	379,726,000	+ 13.4
JAPAN	48,305,000	48,472,000	—
OTHER COUNTRIES	21,289,000	19,597,000	+ 8.6
TOTAL	500,333,000	447,796,000	+ 12.0

(R) — (Revised)

Comments: Shipments of pork to the U.S. increased by over 51 million lbs. or 13.4 percent for 1986. This increase could be largely attributed to the decrease in live exports.

TABLE 5

FRESH & FROZEN PORK IMPORTS			
	POUNDS		% CHANGE
IMPORTED FROM	1986	1985 (R)	86/85
UNITED STATES	12,384,000	8,715,000	+ 42.1
OTHER COUNTRIES	15,046,000	23,155,000	- 35.0
TOTAL	27,542,000	32,031,000	- 14.0

(R) — (Revised)
Comments: The volume originating from the E.E.C. and primarily Denmark was greatly reduced in the past year and despite an increase from the United States, total imports were down significantly.

TABLE 6

HOG CARCASS INDEXING REVIEW — 1986		
INDEX(ES)	PERCENTAGES	
	MANITOBA	CANADA
114 - 112	3.3	3.0
111 - 109	9.5	9.0
108- 106	26.3	26.5
105 - 103	22.7	23.4
102 - 100	20.5	20.6
99 - 97	8.9	8.5
96 - 94	3.7	3.4
93 - 91 - 95	1.9	2.0
90 - 83 - 82 - 81 - 80	2.8	3.3
RIDGLINGS	.4	.4
*1986 — 103 and Over	61.8	61.9
1985 — 102 and Over	78.1	76.3
1984 — 102 and Over	74.5	73.2

*NOTE: Agriculture Canada now compiles indexing statistics under a new format, therefore, a breakdown, for comparison sake, on hogs indexing 102 and over is unavailable.

TABLE 7

MANITOBA HOG CARCASS WEIGHT DISTRIBUTION 1986		
RANGE — KGS	**NO. HOGS**	**% CARCASSES**
UNDER 60	9,667	.6
60 - 64.9	23,769	1.6
65 - 69.9	95,613	6.3
70 - 74.9	287,344	18.8
75 - 79.9	483,866	31.7
80 - 84.9	452,283	29.6
85 - 89.9	126,167	8.3
90 - 94.9	34,008	2.2
95 - 99.9	9,669	.6
100 UP	5,194	.3

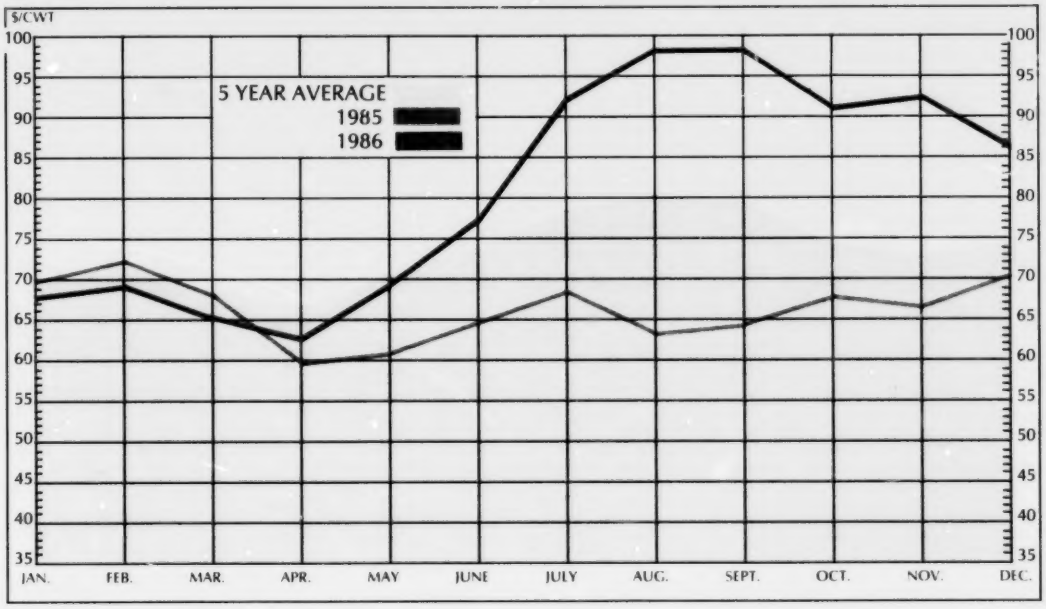
Comments: Taking into account the approximate conversion for weight categories between the imperial and metric systems, it would appear that a trend to heavier weight marketings took place in 1986. We have not, however, attempted to make comparisons between 1985 and 1986 as the results could be misleading when comparing one method of measurement to another dissimilar method.

TABLE 8

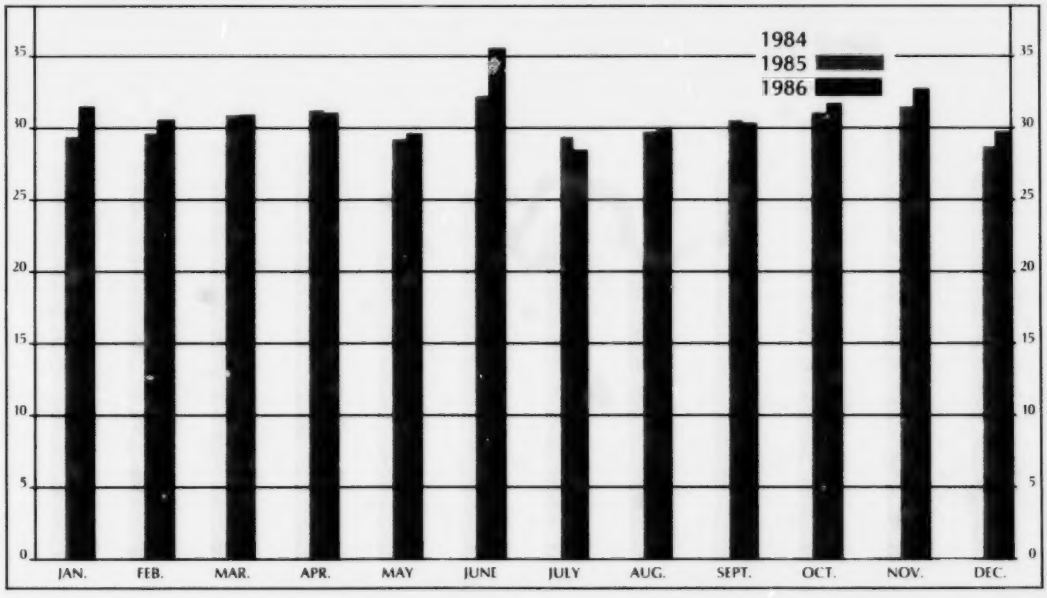
MONTHLY REVIEW: AVERAGE WEIGHTS & INDEXES — 1986			
MONTH	**AVERAGE MANITOBA INDEX***	**AVERAGE CARCASS WEIGHT**	
		(lbs.)	**(kgs.)**
JANUARY	104.1	172.7	78.4
FEBRUARY	104.3	172.0	78.0
MARCH	104.1	171.4	77.0
APRIL	104.2	172.4	78.2
MAY	104.0	172.0	78.0
JUNE	103.6	169.8	77.0
JULY	103.3	170.4	77.3
AUGUST	103.3	170.4	77.3
SEPTEMBER	103.4	171.5	77.8
OCTOBER	103.6	172.8	78.4
NOVEMBER	103.6	172.4	78.2
DECEMBER	103.9	172.6	78.3
AVERAGE FOR 12 MONTH PERIOD	103.8	171.7	77.9

*Average Index Excludes Ridglings and Lights

AVERAGE MONTHLY HOG PRICES
F.O.B. — WINNIPEG



AVERAGE WEEKLY MANITOBA MARKETINGS



1986 'TOP 20' provincial winners

CONGRATULATIONS TO:	ADDRESS	AVG. WT. INDEX	TYPE OF OPERATION
1. Greg Isaac	Arden	108.5580	Farrow to Finish
2. • Joe Stefanuk	Petersfield	107.9954	Feeder Operation: Weanlings from Teake van der Zweep, Balmoral
3. Jake Peters	Wawanesa	107.9042	Farrow to Finish
4. Ray Timmerman	Treherne	107.7449	Farrow to Finish
5. * Murray J. Rempel	Birnie	107.6006	Feeder Operation: Weanlings from Allen Barkman, Cromer
6. Alfred Isaac	Arden	107.5493	Feeder Operation: Weanlings from Mervin Wohlgemuth, Riding Mountain
7. Allen Barkman	Birnie	107.5348	Feeder Operation: Weanlings from George Friesen, Riding Mountain
8. Hans Immerkar	Swan River	107.5285	Farrow to Finish
9. Plett & Reimer (Winner — over 2000 Category)	Landmark	107.5030	Farrow to Finish
10. • Burtondale Farms	Swan River	107.4187	Farrow to Finish
11. * Levi Banman	Ste. Anne	107.3742	Farrow to Finish
12. * Concord Colony	Stony Mountain	107.3397	Farrow to Finish
13. David T. Penner	Kleefeld	107.3260	Farrow to Finish
14. * Birnie View Farms	Birnie	107.2534	Feeder Operation: Weanlings from Ron Penner, Grandview & Gordon McDonald, Manitou
15. * Springford Farms	Springstein	107.2374	Feeder Operation: Weanlings from Piche Hog Farms Ltd., Fannystelle
16. Sommerfeld Colony	High Bluff	107.1426	Farrow to Finish
17. Peter W. Barkman	Ste. Anne	107.1406	Farrow to Finish
18. * Daniel T. Friesen	Janow	107.1133	Farrow to Finish
19. * Gary John Penner	Kleefeld	106.9479	Feeder Operation: Weanlings from James Penner, Kleefeld
20. Pine View Hog Farm	Steinbach	106.9423	Farrow to Finish

* Indicates New to Provincial Top 20
• Indicates 5 or more years in Provincial Top 20

1986 'TOP 20' district winners

DISTRICT 1		ADDRESS	AVERAGE INDEX
1.	•• Clifford J. McCallum	Boissevain	106.7153
2.	Kevin Archibald	Killarney	106.6819
3.	• Edward Grift	Swan Lake	106.3915
4.	Dale Boyd	Killarney	106.1817
5.	• Milton Warkentin	Cartwright	105.9609
6.	Greg Fotheringham	Reston	105.9046
7.	Turner Farms	Altamont	105.7495
8.	Robert Beernaert	Swan Lake	105.6202
9.	* Donald & Angela DeKoninck	Cartwright	105.5512
10.	Keith R. Ludlam	Reston	105.5177
11.	• Dennis Warkentin	Baldur	105.5047
12.	Don Esler	LaRiviere	105.4423
13.	• David Wall	Boissevain	105.4208
14.	Larry Thompson	LaRiviere	105.3126
15.	Orville Friesen	Cartwright	105.2976
16.	Dave Tiessen	Crystal City	105.2840
17.	David E. Rolfe	Elgin	105.2515
18	* L.R. Sierens	Swan Lake	105.2291
19.	* Robert C. Smith	Killarney	105.1310
20.	* Hubert & Cathy Rondeau	Swan Lake	105.0752

DISTRICT 2		ADDRESS	AVERAGE INDEX
1.	• Jake Peters	Wawanesa	107.9042
2.	• Ray Timmerman	Treherne	107.7449
3.	* John Hofer	Sidney	106.1565
4.	Larry Fisher	Carberry	105.9536
5.	John & Pat Hipwell	Virden	105.7602
6.	Harry Plett	Wawanesa	105.7303
7.	* Glen Braun	Sinclair	105.5967
8.	* Arnold Jameson	Alexander	105.5867
9.	• John K. Guthrie	Reston	105.4392
10.	Wilmer Brandt	Wawanesa	105.3908
11.	Lawrence Harry Reimer	Cromer	105.3365
12.	•• J.P. Wiebe & Sons	MacGregor	105.2747
13.	•• Ed Wiebe & Sons	Wawanesa	105.1395
14.	* William Barkley	Virden	105.1236
15.	Larry G. Logan	Lenore	105.1137
16.	Marcel Charriere	Notre Dame	105.0284
17.	•• Leonard Plett	Wawanesa	104.8924
18.	•• Diedrich P. Thiessen	Cromer	104.8232
19.	* Rexpork	Holland	104.5996
20.	* Ronald Fisher	Carberry	104.4742

* Indicates New to District Top 20 • Indicates 5 or More Years in District Top 20
•• Indicates 10 or More Years in District Top 20

DISTRICT 3		ADDRESS	AVERAGE INDEX
1.	Greg Isaac	Arden	108.5580
2.	Murray James Rempel	Birnie	107.6006
3.	Alfred Isaac	Arden	107.5493
4.	Allen Barkman	Birnie	107.5348
5. *	Birnie View Farms	Birnie	107.2534
6. ••	J.A. McDonald & Sons	Strathclair	106.3410
7. •	Glen Wohlgemuth	Plumas	106.2567
8.	R.D.F. & J.M.D. Heise	Isabella	105.9825
9. ••	Dudley Ford	Arden	105.8521
10.	Linden Wohlgemuth	Riding Mountain	105.8032
11. ••	Rogers Bros.	Arden	105.6337
12.	James L. Young	Miniota	105.5994
13. •	Ken A. Farquhar	Birtle	105.5937
14.	Lone Pine Farm	Arden	105.5744
15. ••	James D. Farquhar	Birtle	105.5559
16. ••	Newton Farms	Neepawa	105.4222
17. •	Louis Barkman	Birnie	105.3616
18.	Ronald Arndt	Gladstone	105.2984
19. *	Richard Lemoing	Minnedosa	105.0229
20. •	Garry Alan Tolton	Newdale	104.6039

DISTRICT 4		ADDRESS	AVERAGE INDEX
1. •	Hans Immerkar	Swan River	107.5285
2. ••	Burtondale Farms	Swan River	107.4187
3.	Ed Penner	Grandview	106.3073
4. •	Acey Brinkman	Grandview	105.7289
5.	Ronald Bernardin	Laurier	105.4070
6.	Raymond Wohlgemuth	Swan River	105.2437
7. •	Leon F. Wohlgemuth	Durban	105.2164
8. ••	Jeffrey Farm	Bowsman	104.9609
9. •	Ken Wohlgemuth	Kenville	104.5833
10.	Dennis P. Barkman	Kenville	104.3117
11. •	Edwin Wiebe	Roblin	104.0940
12. •	Harold Thiessen	Bowsman	103.9999
13. •	Dale Froese	Grandview	103.9747
14. •	Highmoor Bros. Ltd.	Bowsman	103.8466
15. •	Michael McIntosh	Bowsman	103.8010
16. ••	Ardenglen Ent. Ltd.	Swan River	103.4174
17.	Murray C. Stoughton	Gilbert Plains	103.3659
18.	B.W.G. Ventures Ltd.	Dauphin	103.2735
19.	Jack Klekta	Bowsman	103.2457
20. *	Myron Penner	Swan River	103.2120

* Indicates New to District Top 20 • Indicates 5 or More Years in District Top 20
•• Indicates 10 or More Years in District Top 20

DISTRICT 5		ADDRESS	AVERAGE INDEX
1.	Springford Farms	Springstein	107.2374
2.	Jerry W. Friesen	Altona	106.4785
3.	Kleen Lean Hog Farms	Morris	106.3111
4.	Douglas E. Sandercock	Morden	106.2762
5.	Brian F. Hildebrand	Morden	106.2755
6.	Premium Pig Producers	Winkler	105.8752
7.	Bill L. Rempel	Morris	105.8299
8. *	Ernie Janzen	Altona	105.8050
9.	Alfred Nickel	Stephenfield	105.7920
10. *	Piche Hog Farms Ltd.	Fannystelle	105.7017
11. *	Henry S. Penner	Stephenfield	105.6606
12. *	Gladwin Penner	Morris	105.6440
13. •	Claude & Patrick Lachance	Elie	105.6218
14.	Terry W. Peters	Altona	105.5800
15. *	Dennis Braun	Altona	105.5418
16. *	B. Albert Dyck	Winkler	105.4130
17. •	Peter L. Dyck	Roseisle	105.2991
18.	Albert L. Penner	Morris	105.1876
19	John C. Peters	Winkler	105.1586
20. *	Larry Frith	Roland	105.1306

DISTRICT 6		ADDRESS	AVERAGE INDEX
1. •	Eddie Brandt	Arborg	106.4767
2. •	G. Norberg & Sons	Marquette	106.4683
3. ••	McDonald Hog Farms	Gunton	106.4177
4. •	Melvin Barkman	Riverton	106.4053
5. •	Firman Brothers	Arborg	106.1773
6. *	Newlife Feeds Hogland	Winnipeg	106.0547
7. •	William A. Chrismas	Balmoral	106.0327
8. •	Alan M. Safiniuk	Balmoral	105.9675
9. •	Reimer's Farm	Fisher Branch	105.9041
10.	Richard H. Campbell	Teulon	105.7043
11. *	Tween Lake Farms Ltd.	Riverton	105.3939
12.	Cockerill Bros. Ltd.	Gunton	105.1513
13. •	D.M. Suwala	Stonewall	105.0921
14. *	Albert G. Doerksen	Arborg	105.0847
15.	Wayne McClinton	Arborg	105.0399
16. •	Baldock Reaburn Ltd.	Marquette	104.9978
17. *	Glen C. MacMillan	Marquette	104.9885
18. *	Henry & Haroldene Zacharias	Warren	104.9349
19. •	Leo Gudmundson	Arborg	104.9180
20.	George H.E. Williams	Balmoral	104.8605

* Indicates New to District Top 20 • Indicates 5 or More Years in District Top 20
•• Indicates 10 or More Years in District Top 20

DISTRICT 7		ADDRESS	AVERAGE INDEX
1.	•• Joe Stefanuk	Petersfield	107.9954
2.	Plett & Reimer	Landmark	107.5030
3.	Levi Banman	Ste. Anne	107.3742
4.	David T. Penner	Kleefeld	107.3260
5.	• Peter W. Barkman	Ste. Anne	107.1406
6.	* Daniel T. Friesen	Janow	107.1133
7.	Gary John Penner	Kleefeld	106.9479
8.	Pine View Hog Farm	Steinbach	106.9423
9.	* Ron Froese	Grunthal	106.6054
10	• Jake P. Nikkel	Ste. Anne	106.5895
11.	• Dennis Wohlgemuth	Ste. Anne	106.5796
12.	Stuart N. Lawrence	St. Pierre	106.5412
13.	Henry Bergen	New Bothwell	106.4524
14.	Tom & John Neufeld	Niverville	106.3833
15.	Robt. & Edith Bourbonnais	Beausejour	106.3791
16.	Harvey Plett	Steinbach	106.3745
17.	* Greenwell Farms	New Bothwell	106.3589
18.	• D.D. Suderman	Niverville	106.3484
19.	Bergmann Bros.	Glenlea	106.3483
20.	Linden Hog Farm	Landmark	106.3295

DISTRICT 8		ADDRESS	AVERAGE INDEX
1	Concord Colony	Stony Mountain	107.3397
2.	• Sommerfeld Colony	High Bluff	107.1426
3.	* Starlite Colony	Starbuck	106.9322
4.	•• Wellwood Colony	Dunrea	106.8524
5.	•• Greenwald Colony	Beausejour	106.8391
6.	•• Clearwater Colony	Balmoral	106.3446
7.	• James Valley Colony	Elie	106.2455
8.	* Beaver Creek Colony	Elie	106.0187
9.	* Treesbank Colony	Wawanesa	105.9094
10.	• New Haven Colony	Argyle	105.7907
11.	• Oakridge Colony	Holland	105.7236
12.	Interlake Colony	Teulon	105.6732
13.	* Iberville Colony Farms	Headingley	105.6459
14.	• Homewood Colony	Starbuck	105.6444
15.	•• Rock Lake Colony	Grosse Isle	105.5185
16.	Lakeside Colony	Headingley	105.3537
17.	* Good Hope Colony	Portage La Prairie	105.3139
18.	Bon Homme Colony	Elie	105.2815
19.	• Baker Colony	MacGregor	105.1517
20.	• Brightstone Colony	Lac du Bonnet	105.1416

* Indicates New to District Top 20 • Indicates 5 or More Years in District Top 20
•• Indicates 10 or More Years in District Top 20

pork promotion 1986

In '86 Manitoba pork was promoted from farm to fork via media, malls, schools, packers, retailers and chefs. The Board's fall launch of Canada Pork's comprehensive foodservice promotion greatly enlarged the scope of pork promotion in the province. Manitoba pork promotional activities will continue to increase with Board plans to implement the Canada Pork retail promotion in 1987.

ANNUAL MEAT MONTH

The second annual national red meat month in Manitoba featured co-operative promotions by representatives of pork, beef and lamb producers. The M.H.P.M.B.'s consumer consultant, Diane Wreford, took part in several media and cafeteria promotions and assisted with the organization of a retail meat showcase contest for retailers. With the financial co-operation of Manitoba packers, the Meat Month Committee organized an in-chain competition with gas barbecue prizes for the best meat cases. While the contest was moderately successful, it will probably not be repeated another year. Meat Month provided an excellent opportunity for all in the red meat industry to tell the true story of our nutritious product in a non-competitive way.

MALL PROMOTIONS

The Board promoted the good taste of lean Manitoba pork at the Royal Manitoba Winter Fair in Brandon during the spring of '86. Canada Packers' Pork Bites were sold at cost as part of a "Make a Meal on Manitoba" offer at the Fair. Barbecued pork was a hit at the Home Expressions consumer show in Winnipeg during March. Over the summer, pork was promoted at the largest fairs from a Manitoba food products display.

In September, pork was part of the provincially co-ordinated Manitoba foods display at Kildonan Place Shopping Mall in Winnipeg, September 15-20. On October 18, pork got an extra push at Penner Foods in Steinbach when Board representatives gave out samples of the new pork steak. At the invitation of ICG, Diane Wreford participated in their Holiday cooking demonstrations in December.

On December 19th the Board co-ordinated the 1200 helpings of pork stew, prepared and served with the assistance of foodservice students at Red River Community College, for CBC's Festival in the Exchange. Over 4000 people attended the 90-minute event which was broadcast live throughout Manitoba, Saskatchewan and Alberta.

MEDIA PROMOTION

Two 10'6 x 46'9 superboards were placed at 8 prime spots in Winnipeg over an eight month period and one superboard was placed at the Steinbach corner on No. 1 Highway East. These superboards feature a huge pork leg roast with the slogan "Positively Pork".

Diane Wreford continued to cook pork on CKND-TV's Magazine Show every six weeks throughout the year. Starting in March, she also appeared on CKY-TV's Today's World every fourth Friday morning. The television spots regularly draw several hundred phone requests for recipes and occasionally pull in over 400 a show. The Board installed a telephone answering device on a recipe line to help facilitate consumer calls. The recipe line number is 233-2161.

Courtesy Manitoba Agriculture's communications section, pork is among six Manitoba foods about which two minute radio items are sent monthly to all radio stations in the province. Diane Wreford prepares and presents them along with regular guest appearances on CBC and CJOB Radio.

FOODSERVICE PROMOTIONS

Canada Pork's foodservice pork promotion kit provided the key to the hotel/restaurant/institution door that has for so long remained virtually closed to Manitoba pork. The kit has been well received by hoteliers and restauranteers throughout the province.

In May, the Board helped introduce Pork Bites at the Marble Club in Winnipeg, providing napkins and posters to encourage patrons to try the product.

In September, the Delta Winnipeg Hotel ran a pork promotion in their dining room, using Canada Pork materials.

On November 7th the Board officially launched the Canada Pork promotion kit with a Gourmet Dinner at Delta Winnipeg created by Team Manitoba of the Canadian Chefs de Cuisine. Two hundred guests of the M.H.P.M.B. (hotel and restaurant owners) and members of public feasted on pork from appetizers to dessert (a Grand Marnier mousse crowned by a pork mint). The Team Manitoba used the evening to raise money to help defray expenses of its planned excursion to the Culinary Olympics in Frankfurt, West Germany in 1988.

Following the kick-off, several orders for promotion materials were placed with the Board. Demand continues to grow.

RETAIL PROMOTION

In October, Merchants Consolidated invited the Board to participate in their Marketex show for grocery stores. Pork steak cutting demonstrations proved popular.

In December, the Board ran a full-color just over half-page ad twice in the Winnipeg Free Press and the Brandon Sun to promote crown roasts of pork. Once again, frills were provided for retailers to present to customers purchasing crown roasts. Over 25,000 paper frills trimmed a lot of crown roasts during the '86 holiday season. Recipe cards for cooking the roasts, plus a stuffing, were provided with each package of frills. All retailers participated and said they would again.

PORK EDUCATION KIT

The pork education kits for grades 3-5 and 7-10 continue to be extremely popular with Manitoba teachers. The Board makes them available at teacher in-services throughout the year.

PORK PRO-MOTOR

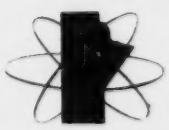
Bert Neufeld sizzled across the province, cooking 2700 kg of pork for 26,990 guests at 103 events.

auditors' report

THE MANITOBA HOG PRODUCERS' MARKETING BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 1986



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
2700 Commodity Exchange Tower
360 Main Street
Winnipeg, Canada R3C 4G9
Telephone (204) 947-6519

AUDITORS' REPORT

To the Members of
The Manitoba Hog Producers' Marketing Board:

We have examined the balance sheet of The Manitoba Hog Producers' Marketing Board as at December 31, 1986 and the statements of revenue and expenditure, reserve for working capital and an offset to fixed asset investment, market development, pork promotion and research revenue, expenses and surplus, unallocated retained revenue, and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the board as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Winnipeg, Canada,
January 19, 1987.

Chartered Accountants.

THE MANITOBA HOG PRODUCERS' MARKETING BOARD
(Incorporated as a producer board under the laws of Manitoba)

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
A S S E T S		
Current:		
Cash in bank	$ 822,712	$ 655,738
Bank deposit receipts - interest bearing	5,800,000	4,500,000
Accounts receivable	818,879	845,990
Prepaid expenses	4,440	6,528
Total current assets	7,446,031	6,008,256
Fixed assets (note 2)	1,909,843	1,907,254
	$9,355,874	$7,915,510
L I A B I L I T I E S		
Current:		
Cheques issued and outstanding	$4,458,964	$3,922,695
Accounts payable and accrued liabilities (notes 5 and 6)	698,839	322,060
Total current liabilities	5,157,803	4,244,755
Members' equity:		
Reserve for working capital and an offset to fixed asset investment	2,109,843	2,107,254
Surplus to be used for market development, pork promotion and research	582,289	635,334
Unallocated retained revenue	1,505,939	928,167
	4,198,071	3,670,755
	$9,355,874	$7,915,510

On behalf of the Board:

Director

Director

(see accompanying notes)

THE MANITOBA HOG PRODUCERS' MARKETING BOARD

STATEMENT OF RESERVE FOR WORKING CAPITAL AND AN OFFSET TO FIXED ASSET INVESTMENT

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year	$2,107,254	$1,830,354
Transfer from unallocated retained revenue	2,589	276,900
Balance, end of year	$2,109,843	$2,107,254

STATEMENT OF MARKET DEVELOPMENT, PORK PROMOTION AND RESEARCH REVENUE, EXPENSES AND SURPLUS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Revenue	$ 300,000	$ 300,000
Expenses:		
Market development, live hog and pork exports less export adjustment paid to producers	23,781	(8,306)
Industry association	75,605	46,221
Pork promotion (includes depreciation of $10,244 1985 - $1,320)	110,298	152,419
Canadian Pork Council Special Trade Action Assessment	15,831	26,214
Research	43,552	10,000
Canadian Pork Council Promotional Programs	83,978	
	353,045	226,548
Excess of (expenses) over revenue	(53,045)	73,452
Surplus to be used for market development, pork promotion and research - Balance, beginning of year	635,334	561,882
Balance, end of year	$ 582,289	$ 635,334

STATEMENT OF UNALLOCATED RETAINED REVENUE

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year	$ 928,167	$ 952,302
Excess of revenue over expenditure from operations for year	580,361	252,765
	1,508,528	1,205,067
Deduct transfer to reserve for working capital and an offset to fixed asset investment	2,589	276,900
Balance, end of year	$1,505,939	$ 928,167

(see accompanying notes)

THE MANITOBA HOG PRODUCERS' MARKETING BOARD

STATEMENT OF REVENUE AND EXPENDITURE

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Revenue:		
Gross fees	$2,311,131	$1,951,536
Less portion applicable to market development, pork promotion and research	300,000	300,000
	2,011,131	1,651,536
Interest	516,458	448,861
Other	55,000	46,544
	2,582,589	2,146,941
Expenditure:		
Administrative and selling (schedule)	1,906,694	1,817,827
Depreciation	95,534	76,349
	2,002,228	1,894,176
Excess of revenue over expenditure from operations for year	$ 580,361	$ 252,765

(see accompanying notes)

THE MANITOBA HOG PRODUCERS' MARKETING BOARD

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Cash provided by (used in) operating activities:		
Excess of revenue over expenditure from operations for year	$ 580,361	$ 252,765
Add charges to operations not requiring a current cash payment - Depreciation	105,778	77,668
Market development, pork promotion and research revenue (expenses) in excess of expenses (revenue)	(53,045)	73,452
Proceeds on sale of hogs	237,223,108	186,686,574
Distribution on settlements, including board fees	(237,223,108)	(186,686,574)
Gain on sale of fixed assets	(12,569)	
	620,525	403,885
Net changes in non-cash working capital balances related to operations (note 7)	405,978	157,756
Cash provided by operating activities	1,026,503	561,641
Cash provided by (used in) investment activities:		
Purchase of fixed assets	(116,682)	(354,568)
Proceeds on disposal of fixed assets	20,884	
Cash used in investment activities	(95,798)	(354,568)
Increase in cash during the year	930,705	207,073
Cash position at beginning of year	1,233,043	1,025,970
Cash position at end of year	$ 2,163,748	$ 1,233,043
Cash consists of the following:		
Cash in bank	822,712	$ 655,738
Add bank deposit receipts	5,800,000	4,500,000
Deduct cheques issued and outstanding	(4,458,964)	(3,922,695)
	$ 2,163,748	$ 1,233,043

(see accompanying notes)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. Significant accounting policies

(a) Nature of the board

The board was established to carry out the function of marketing hogs on behalf of the hog producers of Manitoba, including enhancing the market through market development, pork promotion and research. Accordingly, the financial statements have been prepared to reflect the operations and the activities in market development. The following is a description of how the revenue and expenses have been accounted for:

i) Revenues, expenditures and unallocated retained revenue

The board annually determines the amount of gross revenue from fees which is to be allocated for market development, pork promotion and research. The Statement of Revenue and Expenditure includes all revenues less the portion allocated to market development, pork promotion and research, and all expenses applicable to the day to day operations of the board. The excess of revenue over expenditure from operations is credited to the unallocated retained revenue.

ii) Market development, pork promotion and research

The board maintains a separate surplus account to be used for market development, pork promotion and research. The Statement of Market Development, Pork Promotion and Research Revenue, Expenses and Surplus reflects the

revenue which has been allocated for this purpose; the expenses for market development, pork promotion and research including the net costs of certain market development costs of hog export; the excess of revenue over expenses; and the surplus at the end of the year.

iii) Reserve for working capital and an offset to fixed asset investment

The board maintains the reserve to indicate the amount of members' equity which has been invested in net fixed assets plus an amount required for ongoing working capital.

(b) Revenue recognition

Revenue from fee income is recognized at the time of settlement with producers for sales made on their behalf by the board.

(c) Fixed assets

Land, building, furniture and equipment are recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Depreciation is provided on the basis and at the rates set out below:

Asset	Basis	Rates
Building	Straight-line	2.5 - 15%
Furniture and equipment	Diminishing balance	20 - 30%

2. Fixed assets

	1986			1985
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 431,145		$ 431,145	$ 431,145
Building	1,826,684	$487,650	1,339,034	1,399,051
Furniture and equipment	315,420	175,756	139,664	77,058
	$2,573,249	$663,406	$1,909,843	$1,907,254

3. Lease commitment

The board is renting the Brandon office and yard under a lease expiring at the end of 1987 which requires a minimum annual rental of $54,821.

4. Board members' remuneration

	1986	1985
Chairman's salary	$ 5,000	$ 5,000
Directors' per diem	49,236	50,600
Out of pocket expenses	53,685	59,790
	$107,921	$115,390

The board consists of seven Directors and one Chairman. The Chairman's per diem rate is based on $120 per day and Directors' per diem rates are based on $110 per day. Out of pocket expenses are based on actual charges incurred.

5. U.S. countervailing duty

Under the terms of the countervailing duty imposed by the U.S. Department of Commerce, the Board is liable for payment of (and will pay on demand) a duty on hogs shipped to the United States between April 3, 1985 and August 13, 1985. The Board has accrued approximately $116,000 as at December 31, 1986 based on the preliminary duty of U.S. $3.20 per hundredweight, and the exchange rates in effect at the time of the shipments.

6. Weanling Improvement Sales and Services Co-operative

The Board has agreed to absorb one-half of the Weanling Improvement Sales and Services Co-operative accumulated deficit to December 31, 1986. The Board has accrued approximately $16,000 as at December 31, 1986 in this regard.

7. Net changes in non-cash working capital balances related to operations

	1986	1985
Decrease (increase) in accounts receivable	$ 27,111	$(58,429)
Decrease (increase) in prepaid expenses	2,088	(1,612)
Increase in accounts payable	376,779	217,797
Net changes in non-cash working capital balances related to operations	$405,978	$157,756

THE MANITOBA HOG PRODUCERS' MARKETING BOARD

SCHEDULE

SCHEDULE OF ADMINISTRATIVE AND SELLING EXPENDITURE

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Advertising		$ 540
Awards	$ 10,702	7,886
Board members' remuneration, travelling and miscellaneous expenses	107,921	115,390
Claims and adjustments	19,173	19,245
Data processing	73,565	74,213
District meetings	85,156	88,741
Employee benefits	71,092	75,686
Insurance	51,717	47,412
Light, heat and water	144,870	125,625
Maintenance and repairs	36,404	43,213
Memberships and subscriptions	2,229	1,773
Microfilming and xeroxing	4,495	3,869
Miscellaneous	14,841	10,520
Newsletter and hog journal	20,490	22,746
Office rental - Brandon	7,254	6,975
Office supplies and stationery	34,173	24,465
Postage	53,184	39,569
Professional fees	22,332	21,550
Provincial Health and Education Tax	12,265	12,467
Realty and business taxes	82,638	79,324
Salaries	853,653	795,225
Stockyard rentals and expenses	119,556	128,030
Telephone and telegraph, net	55,348	46,754
Travel expenses	15,708	20,693
Truck wash	7,928	5,916
Total administrative and selling expenditure	$1,906,694	$1,817,827

(see accompanying notes)